Message Text

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INFO OCT-01 EUR-12 ISO-00 NRC-05 CEQ-01 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00 SOE-02 AID-05 CEA-01 COME-00 EB-08 DOE-15 H-01 INR-10 INT-05 L-03 OMB-01 PM-05 SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /118 W

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O 240650Z MAR 78 FM AMEMBASSY BELGRADE TO SECSTATE WASHDC IMMEDIATE 5985 INFO AMEMBASSY VIENNA

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USIAEA

EO 11652: GDS TAGS: ENRG, YO

SUBJ: KRSKO NUCLEAR FUEL NEGOTIATIONS

REF: A) STATE 49263, B) STATE 52495, C) STATE 112122

SUMMARY: FSFA NUCLEAR COORDINATOR, AMB. KLJUN SUGGESTED CHANGES TO TEXTS NOW BEING CONSIDERED BY GOY, NAMELY REMOVING REFERENCE TO PLUTONIUM AND NON-US FUEL AND ADDING ASSURANCE OF NO LESS FAVORABLE TREATMENT THAN THAT ACCORDED OTHER NATIONS. HE SAID THAT IN EVENT OF IMPASSE IN NEGOTIATIONS, TITO WOULD NOT ASK FOR BUT EXPECT PRESIDENTIAL EXCEPTION. KLJUN SAID FUEL LICENSE WOULD BE NEEDED WITHIN TWO MONTHS. END SUMMARY.

1. ON PRETEXT OF UPCOMING VISIT TO US, SCIATT CALLED ON FSFA NUCLEAR COORDINATOR KLJUN AND PRESENTED HIM WITH COPIES OF THE NEW NONPROLIFERATION ACT AND ITS SUMMARY. KLJUN SAID THAT A RESPONSE TO THE TEXTS PRESENTED ON MARCH 2 WAS STILL UNDER CONSIDERATION CONFIDENTIAL

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BUT WOULD BE FORTHCOMING WITHIN TWO WEEKS. HE SUGGESTED CERTAIN MODIFICATIONS THAT WOULD MAKE ACCEPTANCE OF THE TEXTS MORE FAVORABLE:

(A) IN SIXTH PARAGRAPH OF VANCE TO MINIC LETTER, REPLACE REFERENCE TO "PLUTONIUM" WITH "MATERIAL".

HE PREFERRED "CONSULATION" RATHER THAN "AGREEMENT".

(B) IN SEVENTH PARAGRAPH, KLJUN NOTED THAT

TERMINATION OF SUPPLY AGREEMENT WOULD CREATE NEED FOR NEGOTIATIONS AND SUGGESTED WE ADD LANGUAGE OF MINIC TO VANCE LETTER OF MAY 12 ON YUGOSLAVIA'S READINESS TO NEGOTIATE ON FUTURE DISPOSITION OF FUEL. HE OPPOSED SPECIFYING NON-AMERICAN FUEL. THIS WOULD SEEM TO ELIMINATE NEED FOR PARA 8.

(C) HE SUGGESTED CONCLUDING LETTER WITH AN ASSURANCE THAT YUGOSLAVIA BE GIVEN NO LESS FAVORABLE TREATMENT THAN THAT ACCORDED OTHER COUNTIRES.

- 2. KLJUN WAS NONCOMMITTAL ON WHETHER WITH THESE CHANGES TEXTS WOULD BE ACCEPTABLE. HE NOTED THAT THE NONPROLIFERATION ACT CONTAINS EPRR# PROVIDING FOR A PRESIDENTIAL OVERRIDE OF A NRC LICENSE DENIAL. HE SAID THAT DURING HIS RECENT VISIT, TITO DID NOT ASK FOR THE PRESIDENT TO EXERCISE THIS POWER IF THE NEED AROSE AND IN THE FUTURE WOULD NOT. BUT, KLJUN SAID EMPHATICALLY, HE WOULD EXPECT IT. IN RETURN YUGOSLAVIA WOULD DO NOTHING NOT IN ACCORDANCE WITH US NONPROLIFERATION OBJECTIVES.
- 3. KLJUN ADDED A RESOLUTION OF THE FUEL ISSUE WAS NEEDED IN A MONTH OR NOT MORE THAN TWO MONTHS AND THAT YUGOSLAVIA WOULD VERY MUCH APPRECIATE US ASSISTANCE IN EXPANDING ITS SPENT FUEL STORAGE CAPACITY.
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- 4. SCIATT PROMISED TO DISCUSS THE ABOVE WITH ASST. SEC. NOSENZO NEXT WEEK. KLJUN SAID IT WOULD BE IMPORTANT TO CABLE NEW LANGUAGE ASAP BEFORE A YUGOSLAV RESPONSE WAS FINALIZED.
- 5. SCIATT REQUESTS MEETING WITH OES/NET NOSENZO AND EUR/EE FROMOWITZ ON TUESDAY MARCH 28 TO DISCUSS RESPONSE TO KLJUN'S SUGGESTION. EAGLEBURGER

NOTE BY OC/T: #AS RECEIVED.

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